

BENCHMARKING FOR PERFORMANCE

CDIAC

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A reflection of you

- A benchmark should reflect what you do
- A benchmark is a measuring device to determine if your performance is conforming to your stated objectives

Resistance to establishing a formal Benchmark

- I could not find one that reflected what I did
 - Large swings in cash flow
 - Tax receipts
 - Unpredictable swings in cash flow
 - » Construction
 - Other agency actions that are not in my control

How to Benchmark with out a Benchmark

- Measuring performance without a benchmark
 - Create your own
 - Other like agencies
 - LAIF

The advantage of a Benchmark

- Clear guidance to investment staff
- Removes the temptation to stretch and deviate
- Forces a discussion of your intentions to your governing entity and a buy in
- For a rated pool the rating agencies will require it.

Measuring tape

- You do not have to exactly match it
- Be prepared to explain variances
- Don't be a slave to it
- Things change
- Take the time to educate your governing board so they understand this.

The benchmark and the policy

- Know your pool participants
- Establish a benchmark that supports their objectives
- Insure your investment policy supports your benchmark